

PATENT APPEAL
Technology Center 3600

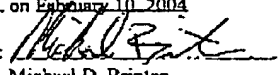
Application No. 09/045,386
Attorney Docket No.: 97-557

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellants:)
Jay S. Walker, Andrew S. Van Luchene, Dean) Group Art Unit: 3624
Alderucci)
Application No.: 09/045,386) Examiner: A. Rudy
Filed: March 20, 1998) **APPEAL BRIEF**
For: **METHOD AND APPARATUS FOR**) Attorney Docket No. 97-557
CONTROLLING THE) Customer No. 22927
PERFORMANCE OF A)
SUPPLEMENTARY PROCESS AT)
A POINT OF SALE TERMINAL)

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Dated: February 10, 2004 By: 

Michael D. Brinton

BOARD OF PATENT APPEALS
AND INTERFERENCES

Mail Stop: Appeal Brief
Commissioner for Patents
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Appellants appeal to the Board of Patent Appeals and Interferences from the decision of the Examiner in the Office Action mailed March 7, 2003, rejecting claims 11, 14, 25, 26 and 33 - 40.

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APPENDIX A: CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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REAL PARTY IN INTEREST

The present application is assigned to Walker Digital, LLC, 1177 High Ridge Road, Stamford, CT 06905.

RELATED APPEALS AND INTERFERENCES

Appellants are not aware of any appeals which might be considered to directly affect, be directly affected by or have a bearing on the Board's decision in the pending appeal.

STATUS OF CLAIMS

Claims 11, 14, 25, 26 and 33 - 40 are pending in the present application and are being appealed.

Claims 11, 25, 33, 35, 37 and 39 stand rejected under 35 U.S.C. § 101 as being nonstatutory.

Claims 11, 14, 25, 26 and 33 - 40 stand rejected under 35 U.S.C. § 112, first paragraph for not being enabled.

Claims 11, 14, 25, 26 and 33- 40 stand rejected under 35 U.S.C. § 103 as obvious in light of an Examiner's Affidavit ("Myhre") and subject matter without support in the record.

STATUS OF AMENDMENTS

An amendment to the drawings and associated parts of the specification was submitted pursuant to the Examiner's requirement.

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SUMMARY OF INVENTION

Generally, according to one aspect of the invention, one or more POS terminals measure one or more criteria, such as the activity rate of the POS terminal. For example, the POS terminal may measure the number of completed transactions per period of time, the number of items purchased through the POS terminal per period of time, the number of upsells accepted by customers per period of time, the number of customers in a store or the number of customers in the vicinity of the POS terminal. [Present Application, Summary, page 3, lines 27 – 32].

The POS terminal in turn compares the measured criteria with a predetermined threshold. Based on the results of the comparison, the POS terminal determines whether to perform a supplementary process. [Present Application, Summary, page 3, line 32 – page 4, line 2].

For example, the POS terminal may perform the supplementary process only if the number of transactions per minute is less than a predetermined threshold. [Present Application, Summary, page 4, lines 2 – 4].

Performing supplementary processes during periods of low activity, yet reducing or refraining from supplementary processes during periods of high activity, can result in increased profit. [Present Application, page 4, lines 28- 30].

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ISSUES

Whether claims 11, 25, 33, 35, 37 and 39 (Groups I and II) are directed to statutory subject matter.

Whether claims 11, 14, 25, 26 and 33 - 40 (Groups I - IV) are enabled by the present application.

Whether claims 11, 14, 25, 26 and 33- 40 (Groups I - IV) are obvious in light of *Myhra* and subject matter without support in the record.

GROUPING OF CLAIMS

The claims in different groups do not stand and fall together.

Appellants group the pending claims as follows:

Group I - claims 11, 25, 35, 37 and 39

Group II - claim 33

Group III - claims 14, 26, 36, 38 and 40

Group IV - claim 34

Appellants believe that claims in different groups are separately patentable, as explained below.

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ARGUMENT

Summary of Argument

The rejections are erroneous for several reasons.

First, the rejection of the claims as nonstatutory is based on the following improper legal positions:

- (a) a claim which includes, e.g., computer-performed embodiments but does not *preclude* 'mental' embodiments is nonstatutory;
- (b) a claim which includes, e.g., computer-performed embodiments but does not *preclude* 'manual' embodiments is nonstatutory;
- (c) a claim must meet a 'two prong test' in order to be considered statutory.

Second, the rejection of the claims as not enabled is based on the following improper legal position:

- (a) if the specification unequivocally describes several embodiments of a device, but generically refers to all embodiments of that device by the same reference numeral, then the claims are not enabled.

Third, the rejection of the claims as being obvious is improper because the rejection:

- (a) is supported by "Official Notice", rather than any evidence in the record, and
- (b) lacks even an allegation of a motivation to combine or modify.

Accordingly, the rejections are inappropriate and Appellants respectfully request that the rejections be reversed.

Form of this Appeal Brief

In the arguments herein, limitations of the claims are indicated in *italics*, and the references of record are indicated by underlining.

In separate arguments of patentability of different Groups, Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to:

the "Office Action" (Office Action mailed March 20, 2003);

Appellants' Response (Amendment and Response mailed January 2, 2003);

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1. Group I

Group I includes independent method claims 11, 25, 35, 37 and 39.

1.1. Limitations of the Group

Each claim of the Group includes the limitation of:

measuring an activity rate of a point-of-sale terminal

1.2. Advantages of the Claims

The embodiments of the claims of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Applicants have recognized that supplementary processes performed by POS terminals may introduce delays in the completion of customer transactions, and that these delays may be acceptable under certain circumstances. For example, when there are few pending customer transactions, such delays do not significantly affect relevant measures of performance such as sales per hour or profit per hour.

Thus by

measuring an activity rate of a point-of-sale terminal

supplementary processes may be performed at times that are more appropriate, e.g. during periods of low activity. This can lead to larger profits.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

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1.3. The Claims of Group I are Statutory

The proper legal standard for statutory subject matter was not applied to the rejected claims. Accordingly, the Examiner has not presented a prima facie case that any claim is nonstatutory. In fact, applying the proper legal standard demonstrates that all claims are directed to statutory subject matter.

1.3.1. The Basis for the Rejection

As best as Appellants understands the rejection of the claims for being directed to non-statutory subject matter, the basis for that rejection is that the claimed steps "can be performed in the mind of a user or by use of a pencil and paper." (Office Action, page 3, 1st paragraph) In other words, the Examiner's position is that a claim is only an "abstract idea" if:

- (a) the claim does not *preclude* a 'mental' embodiment even if it covers computer-performed embodiments; and / or
- (b) the claim does not *preclude* a 'mental' embodiment even if it covers computer-performed embodiments.

The Examiner also cites to, but apparently does not rely on, the following proposition: "For a process claim, the recited process must somehow apply, involve, use or advance the technological arts"

As described below, the standards relied on by the Examiner are not the correct standards for determining whether a claim is statutory. To the extent the rejection applies a standard that requires additional criteria or otherwise departs from the requisite legal analysis under Section 101, the rejection is flawed.

1.3.2. The Proper Legal Test for Statutory Subject Matter

Whether a patent claim is directed to statutory subject matter under 35 U.S.C. § 101 is a question of law. *AT&T*, 172 F.3d at 1355. The legal test for the presence of statutory subject matter is only that a claimed process or apparatus produce a "useful, concrete and tangible result". See, e.g., *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368, *Group I*

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1375, 47 U.S.P.Q.2D 1596 (Fed. Cir. 1998), cert. denied, 525 U.S. 1093, 142 L. Ed. 2d 704, 119 S. Ct. 851 (1999) ("For purpose of our analysis, as noted above, claim 1 is directed to a machine programmed with the Hub and Spoke software and admittedly produces a 'useful, concrete, and tangible result.' ... This renders it statutory subject matter, even if the useful result is expressed in numbers, such as price, profit, percentage, cost, or loss."); AT&T, ("the focus is understood to be not on whether there is a mathematical algorithm at work, but on whether the algorithm-containing invention, as a whole, produces a tangible, useful, result."); See also, State Street Bank at 1373 ("In Alappat, we held that data, transformed by a machine through a series of mathematical calculations to produce a smooth waveform display on a rasterizer monitor, constituted a practical application of an abstract idea ... because it produced 'a useful, concrete and tangible result'--the smooth waveform); See also, State Street Bank at 1373 ("in Arrhythmia Research Technology Inc. ... , we held that the transformation of electrocardiograph signals from a patient's heartbeat by a machine through a series of mathematical calculations constituted a practical application of an abstract idea ... because it corresponded to a useful, concrete or tangible thing--the condition of a patient's heart").

While other criteria, if satisfied, may be useful in indicating the presence of a "useful, concrete and tangible result" (and therefore indicate that a claim is statutory), the absence of such criteria does not preclude a finding of statutory subject matter. Such other criteria are not requirements, but merely some of several ways that can demonstrate that an invention produces a useful, concrete and tangible result.

For example, a physical transformation by a claimed process is one example (but not a requirement) of how a mathematical algorithm may bring about a useful application. AT&T Corp., 172 F.3d at 1357, 50 USPQ2d at 1452. See also, Diehr, 450 U.S. at 192 (the "c.g." signal denotes that physical transformation is an example, not an exclusive requirement for satisfying § 101); Arrhythmia Research Tech., 958 F.2d at 1060, 22 USPQ2d at 1039 (Fed. Cir. 1992) (the transformation simply confirmed that Arrhythmia's method claims satisfied § 101 because the method produced a number which had specific meaning - a useful, concrete, tangible result - not a mathematical abstraction).

Likewise, physical limitations are perhaps helpful, but are not necessary to render a claim statutory. AT&T at 1359 ("Whatever may be left of the earlier test, if anything, this type of physical limitations analysis seems of little value ...")

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Certain features are not helpful to the proper analysis, and have no bearing on the presence of statutory subject matter. For example, whether a result of a claim is expressed in numbers makes no difference. State Street Bank, 149 F.3d at 1374, 47 USPQ2d at 1602 ("[E]ven if the useful result is expressed in numbers, such as price, profit, percentage, cost or loss", the invention that produces that result is statutory); Arrhythmia Research Tech. Inc. v. Corazonix Corp., 958 F.2d 1053, 1060, 22 U.S.P.Q.2D 1033, 1039 (Fed. Cir. 1992) ("That the product is numerical is not a criterion of whether the claim is directed to statutory subject matter."). When a mathematical algorithm included within a claimed process is "applied to produce a number which had specific meaning - a useful, concrete, tangible result - not a mathematical abstraction", that process claim satisfies § 101. AT&T Corp., 172 F.3d at 1357, 50 USPQ2d at 1452, citing Arrhythmia Research Tech. v. Corazonix Corp., 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992).

Under the proper standard, claims have been found statutory because they produced useful results such as "a final share price", State Street Bank, 149 F.3d at 1373, 47 USPQ2d at 1601, a "value of a PIC indicator" which represents "information about the call recipient's PIC", AT&T Corp., 172 F.3d at 1357, 50 USPQ2d at 1452; and a condition of a patient's heart, Arrhythmia Research Tech. v. Corazonix Corp., 958 F.2d 1053.

The threshold for utility is not high – an invention is "useful" under Section 101 if it is capable of providing some identifiable benefit.

1.3.3. The Claims Meet the Standard for Statutory Subject Matter

The pending claims produce a useful, concrete and tangible result, and the Examiner has not alleged otherwise. A claim which produces a useful, concrete and tangible result unequivocally falls outside the realm of "abstract idea", and is statutory.

The claims of Group I include the following limitations:

providing a supplementary product offer (claim 11)

or

offering to exchange the upsell price for the upsell (claims 25, 37)

or

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offering a first second upsell or a second upsell (claim 35)

or

exchanging the upsell for the offered upsell price (claim 39)

As explained in detail in the Present Application, such *offers* or *exchanges* results in a useful, concrete and tangible result – something which provides incentives to purchase.

Such *offers* or *exchanges* are not abstract, disembodied numbers, but instead have a specific meaning and as such they each correspond to a useful, concrete or tangible result - something which can motivate people to make purchases. The invention claimed can by no stretch of the imagination be classified as “abstract ideas”. Thus, the claims are properly-defined statutory processes.

It is also worth noting that the requirement for a “useful invention” is to be evaluated for the invention, and is not dependent on the breadth of the claims. Thus, if one species of an invention claimed as a genus is found to be “useful”, utility for the genus is established.

Raytheon Co. v. Roper Corp., 724 F.2d 951, 958, 220 USPQ 592, 598 (Fed. Cir. 1983), cert. denied, 469 U.S. 835 (1984) (“When a properly claimed invention meets at least one stated objective, utility under § 101 is clearly shown.”). Utility is to be evaluated in a simple “yes” or “no” fashion (i.e., does the invention as claimed possess or not possess utility). There is no subjective test for “utility” that must be deemed to be commensurate with the breadth of the claims being sought to be patented.

Moreover, the scope of the claims as presented encompass a variety of specific implementations of the claimed processes. Certain of these embodiments implicate the use of computers in the processes. These “computer-based” species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a rejection that the generically claimed processes lack utility is clearly improper.

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1.3.4. The Examiner Applied a Test Which is Contrary to Law

A Claim Need Not Preclude a 'Mental' Embodiment

The Court of Appeals for the Federal Circuit has clearly spoken on this issue: a claimed process may read on a mentally performed embodiment.

"The inclusion in a patent of a claim to a process that may be performed by a person, but that is also capable of being performed by a machine, is not fatal to patentability. Diamond v. Diehr, 450 U.S. 175, 67 L. Ed. 2d 155, 101 S. Ct. 1048 (1981). The presence of the steps of correlating and combining, which a machine is capable of doing, does not invalidate a patent." Alco Standard Corp. v. Tennessee Valley Authority, 808 F.2d 1490, 1496 (Fed. Cir. 1986).

See, also, Musco Corp. v. Qualite, Inc., Civ. Application, 106 F.3d 427, 1997 WL 16031 (Fed. Cir. 1997), (per curiam) (unpublished), cert. denied, 118 S. Ct. 60 (1997) ("The existence of mental steps in the claims or specification of a patent do not, in and of themselves, invalidate the patent.").

Further, the mere fact that some or all of the steps of a method "may be carried out in or with the aid of the human mind" does not render a sequence of operational steps non-statutory under 35 U.S.C. §101. In re Musgrave, 431 F.2d 882, 57 C.C.P.A. 1352 (C.C.P.A. 1970). The court in Musgrave rejected the Examiner's reasoning that the claims at issue were non-statutory under 35 U.S.C. §101 because they "include no physical steps but set forth merely a method for processing data which does not require any tangible device or apparatus to carry out the method and hence could be carried out mentally." Musgrave, 431 F.2d at 886. See also, In re Prater, 415 F.2d 1378, 56 C.C.P.A. 1376 (C.C.P.A. 1968) ("patent protection for a process disclosed as being a sequence or combination of steps, capable of performance without human intervention...is not precluded by the mere fact that the process could alternatively be carried out by mental steps.")

A Claim Need Not Recite Physical Limitations

By requiring the claim to preclude a "pencil and paper" embodiment, the Examiner seems to indicate that the claim must "apply, involve, use or advance" the technological arts by reciting physical limitations.

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It is a misunderstanding of Federal Circuit case law to contend that process claims lacking physical limitations are not patentable subject matter. AT & T Corp. v. Excel Communications, Inc., 172 F.3d 1352, 1359, 50 USPQ2d 1447, 1452 (Fed. Cir. 1999). This type of analysis derives from a prior test for statutory subject matter which has been discredited. AT&T at 1359 ("Whatever may be left of the earlier test, if anything, this type of physical limitations analysis seems of little value ..."). This type of physical limitations analysis is of little value in the Section 101 analysis because "the mere fact that a claimed invention involves inputting numbers, calculating numbers, outputting numbers, and storing numbers, in and of itself, would not render it nonstatutory subject matter, unless, of course, its operation does not produce a 'useful, concrete and tangible result.'" AT & T Corp. v. Excel Communications, Inc., 172 F.3d 1352, 50 USPQ2d 1447, 1452 (Fed. Cir. 1999).

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to the rejected claims, which are all directed to statutory subject matter. Thus the Examiner has not provided a *prima facie* case that the claims are nonstatutory.

1.4. The Claims of Group I are Enabled

The proper legal standard for enablement was not applied to the rejected claims. Accordingly, the Examiner has not presented a *prima facie* case of that any claim is not enabled. In fact, applying the proper legal standard demonstrates that all claims are enabled.

1.4.1. Applicable Law

Enablement is a question of law based on underlying factual findings. *See, e.g., Amgen v. Chugai Pharmaceutical Co.*, 927 F.2d 1200 (Fed. Cir. 1991).

To sustain a rejection for failure to enable, the disclosure must not enable one skilled in the art to practice the inventions which are claimed, not anything else. *See, e.g., Christianson v. Colt Indus. Oper. Corp.*, 822 F.2d 1544 (Fed. Cir. 1987).

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The test of enablement is whether one reasonably skilled in the art could make or use the invention from the disclosures in the patent coupled with information known in the art without undue experimentation. United States v. Teletronics, Inc., 857 F.2d 778, 785 (Fed. Cir. 1988). "The determination of what constitutes undue experimentation in a given case requires the application of a standard of reasonableness, having due regard for the nature of the invention and the state of the art. The test is not merely quantitative, since a considerable amount of experimentation is permissible, if it is merely routine, or if the specification in question provides a reasonable amount of guidance with respect to the direction in which the experimentation should proceed." In re Wands, 858 F.2d 731, 737 (Fed. Cir. 1988) (citations omitted)

As long as the specification discloses at least one method for making and using the claimed invention that bears a reasonable correlation to the entire scope of the claim, then the enablement requirement of 35 U.S.C. 112 is satisfied. In re Fisher, 427 F.2d 833, 839, 166 USPQ 18, 24 (CCPA 1970).

"In cases involving predictable factors, such as mechanical or electrical elements [as opposed to chemical reactions and physiological activity], a single embodiment provides broad enablement in the sense that, once imagined, other embodiments can be made without difficulty and their performance characteristics predicted by resort to known scientific laws." In re Fisher, 427 F.2d 833, 839 (CCPA 1970).

1.4.2. The Examiner's Burden

According to MPEP 2164.04, before any analysis of enablement can occur, it is necessary for the examiner to construe the claims. For terms that are not well-known in the art, or for terms that could have more than one meaning, it is necessary that the examiner select the definition that he/she intends to use when examining the application, based on his/her understanding of what applicant intends it to mean, and explicitly set forth the meaning of the term and the scope of the claim when writing an Office action. See Genentech v. Wellcome Foundation, 29 F.3d 1555, 1563-64 (Fed. Cir. 1994).

In order to make a rejection, the examiner has the initial burden to establish a reasonable basis to question the enablement provided for the claimed invention. In re Wright, 999 F.2d

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1557, 1562 (Fed. Cir. 1993) (examiner must provide a reasonable explanation as to why the scope of protection provided by a claim is not adequately enabled by the disclosure).

Finally, the requirements of the first and second paragraphs of 35 U.S.C. 112 are separate and distinct. MPEP 2174.

1.4.3. The Examiner's Factual Findings

The record does not contain any specific findings regarding precisely which portions of the claims the Examiner believes are not enabled.

The record also does not contain any specific findings regarding the Examiner's construction of the claims.

In fact, the rejection seems to be based solely on the fact that two embodiments of a device (a POS terminal) were both indicated by the same reference numeral. The Examiner generally alleges that "the claim language in reference to the specification is not clear" and "the claim language cannot be clearly ascertained" (Office Action, page 4). Appellants note that the definiteness requirement is separate and distinct from the enablement requirement. MPEP 2174. Also, the definiteness of portions of the disclosure are irrelevant to enablement of the claims.

The Examiner has not alleged that one of ordinary skill in the art would have been unable to, for example,

"measure an activity rate of a point-of-sale terminal"

On the contrary, the Examiner asserts on page 5, paragraph no. 6 of the Office Action that:

"to have provided the upsell activity of a commercial transaction based upon monitoring an activity rate would have been obvious to one of ordinary skill in the art"

The Examiner similarly asserts that:

"monitoring activities are well known and common knowledge in the art."

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1.4.4. The Claims are Enabled

Even if the disclosure of different embodiments of the same device (a POS terminal) did cause confusion (which it does not), such confusion would not prevent one of ordinary skill in the art from practicing the inventions that are *claimed*. Indefiniteness and enablement are two separate inquiries.

The background of the present application describes point-of-sale terminals and their uses:

"Point-of-sale ("POS") terminals, such as cash registers, are used in a wide variety of businesses for performing such processes as calculating the total price of a purchase (goods or services) and calculating the amount of change due to a customer."

The claimed invention involves a point-of-sale terminal. Specifically, claims 11, 14, 25, 26, 35, 37 and 39 recite:

measuring an activity rate of a point-of-sale terminal

Two illustrative embodiments of a POS terminal are illustrated in Figures 1 and 2. The Examiner acknowledges this on page 4 of the Office Action ("The POS terminals illustrated in Figs. 1 and 2 are each different embodiments with different elements contained in each embodiment").

These two embodiments are merely examples. The disclosure indicates that there are still other embodiments of a POS terminal known to those skilled in the art:

"Other configurations of the POS terminal 10 will be understood by those skilled in the art."

[Present Application, page 6, lines 18 - 19]

The specification even provides specific models of a POS terminal suitable for use in an embodiment of the invention:

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"a POS terminal 10, which may be the IBM 4683 or IBM 4693 manufactured by International Business Machines, comprises a processor 12, such as one or more conventional microprocessors."

[Present Application, page 5, lines 12 - 14.]

The specification provides another configuration where a POS terminal comprises "a cash register" and "an electronic device" connected to the cash register. The electronic device (e.g. a coupon dispenser) is "for printing coupons in accordance with data received from the cash register". [Present Application, page 6, lines 11 - 19.]

Throughout the specification, a POS terminal is referred to by the reference numeral 10, regardless of the particular embodiment of POS terminal that may be desired. When no specific embodiment of a POS terminal is used, POS terminal is referred to by the reference numeral 10.

For all of the above reasons, the proper legal standard for enablement was not applied to the rejected claims, which are all enabled. Thus the Examiner has not provided a *prima facie* case that the claims are not enabled.

1.5. The Claims of Group I are not Obvious

The proper legal standard for obviousness was not applied to the rejected claims. The record contains no substantial evidence of certain limitations of the claims. In addition, a proper motivation to combine was never provided. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of any claim of the Group.

1.5.1. Applicable Law

Prima Facie Burden

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. *In re Fitch*, 972 F.2d 1260, 1265 (Fed. Cir. 1992). To reject claims in an application under section 103, an examiner must show an un rebutted *prima facie* case of *Group I*

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obviousness. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and the level of ordinary skill in the art. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The secondary considerations are also essential components of the obviousness determination. *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

In order to rely on a reference as a basis for rejection of the applicant's invention, the reference must either be in the field of the applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned. *In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992).

When a rejection is based on a combination of references, the Examiner can satisfy the prima facie burden only by showing some objective teaching leading to the purported combination of references. *In re Eritch*, 972 F.2d 1260, 1265 (Fed. Cir. 1992). Lacking a motivation to combine references, there is no prima facie case of obviousness. *In re Rouffet*, 149 F.3d 1350, 1358 (Fed. Cir. 1998).

During examination, claims are given their broadest reasonable interpretation consistent with the specification. *In re Hyatt*, 211 F.3d 1367 (Fed. Cir. 2000). The "PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant's specification." *In re Morris*, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

Substantial Evidence is Required of All Factual Findings

In a determination of obviousness, factual findings as to scope and content of the prior art, level of ordinary skill in the art, differences between the claimed invention and the prior art, and secondary considerations of nonobviousness must be supported by substantial evidence. *Noyamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

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"[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" *In re Zurko*, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); *In re Lee*, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

Absent Substantial Evidence, No Prima Facie Case Exists

To reject claims in an application under section 103, an examiner must show an un rebutted *prima facie* case of obviousness. *In re Rouffter*, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

The initial burden of presenting a *prima facie* case of obviousness is upon the examiner. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). If the examiner fails to establish a *prima facie* case, the rejection is improper and will be overturned. *In re Rijckaert*, 9 F.3d 1531, 1532 (Fed. Cir. 1993); *Novamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

If examination at the initial stage does not produce a *prima facie* case of unpatentability, then **without more** the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992) (emphasis added).

'Official Notice' cannot be the basis for a rejection

Officially-noted subject matter cannot be used as the basis for a rejection under Sections 102 or 103. Official Notice may be used, if at all, only to clarify the meaning of a reference. See, e.g., *In re Ahlert*, 424 F.2d 1088 (C.C.P.A. 1969) ("Typically, it is found necessary to take notice of facts which may be used to supplement or clarify the teaching of a reference disclosure, perhaps to justify or explain a particular inference to be drawn from the reference teaching.") (emphasis added).

In other words, official notice of what existed in the prior art is not permitted. A reference must be provided to show the scope and content of the prior art. See, e.g., *In re Ahlert*, 424 F.2d 1088 (C.C.P.A. 1969) ("Assertions of technical facts in areas of esoteric technology must always be supported by citation to some reference work recognized as standard in the pertinent art and the appellant given, in the Patent Office, the opportunity to challenge the correctness of the assertion or the notoriety or repute of the cited reference. ... Allegations concerning specific 'knowledge' of the prior art, which might be peculiar to a particular art should also be supported and the appellant similarly given the opportunity to make a challenge.")
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(emphasis added); *In re Eynde*, 480 F.2d 1364 (C.C.P.A. 1973) ("[W]e reject the notion that judicial or administrative notice may be taken of the state of the art. Facts constituting the state of the art in a patent case are normally subject to the possibility of rational disagreement among reasonable men, and are not amenable to the taking of judicial or administrative notice.") (emphasis added); *In re Pardo*, 684 F.2d 912 (C.C.P.A. 1982) ("[T]his court will always construe [the rule permitting judicial notice] narrowly and will regard facts found in such manner with an eye toward narrowing the scope of any conclusions to be drawn therefrom. Assertions of technical facts in areas of esoteric technology must always be supported by citation to some reference work recognized as standard in the pertinent art.") (emphasis added)

1.5.2. No Factual Findings in the Record

No prima facie case of obviousness has been made because the obviousness rejections is based entirely on a combination of

- (a) unsupported hearsay statements of an Examiner ("Mybre") regarding prior public uses, and
- (b) unsupported allegations of "common knowledge".

Neither constitutes substantial evidence, and accordingly Appellants are under no obligation to submit further findings or arguments related to non-obviousness.

If the Examiner intends hearsay allegations regarding prior public uses to form a part of the record, then a reference supporting such public uses should be provided.

If the Examiner intends such beliefs about "common knowledge" to form a part of the record, then a reference supporting such common knowledge should be provided.

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1.5.3. No showing that the references suggest *measuring an activity rate of a point-of-sale terminal*

The Examiner has not shown that the prior art would suggest:

measuring an activity rate of a point-of-sale terminal

Myhre has nothing to do with a point of sale terminal or activity rates of point-of-sale terminals, and so Myhre cannot suggest

measuring an activity rate of a point-of-sale terminal

Further, even the bald assertion of the Examiner:

"one sells what one has on hand to monitor or may be able to obtain/monitor, given customer demand/activity rate"

has nothing to do with measuring an activity rate, as best as Appellants can understand the Examiner's statement.

1.5.4. No showing of a proper motivation to combine or modify

The rejection for obviousness relies on unsupported descriptions of the prior art, and thus fails for at least that reason. In addition, the modification and combination to this alleged prior art is unsupported by any motivation in the prior art.

The only "motivation" provided is that the proposed combination "would implement common knowledge selling techniques". Office Action, page 5, paragraph no. 6. No prior art of record demonstrates this motivation.

In conclusion, for at least the reasons provided above, the Examiner has not shown the claims of Group I to be unpatentable.

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SEPARATE ARGUMENT OF PATENTABILITY

2. Group II

Group II includes independent method claim 33.

2.1. Limitations of the Group

The claim of the Group includes the following limitations:

receiving an override signal

and

if the override signal indicates performance of a supplemental process,

offering to exchange the upsell price for the upsell

2.2. Advantages of the Claim

The embodiments of the claim of this Group provides several advantages not even recognized, much less disclosed or suggested, by the prior art of record, either alone or in combination. These advantages render the claimed subject matter nonobvious over the cited art.

Applicants have recognized that supplementary processes performed by POS terminals may introduce delays in the completion of customer transactions, and that these delays may be acceptable under certain circumstances. For example, when there are few pending customer transactions, such delays do not significantly affect relevant measures of performance such as sales per hour or profit per hour.

Thus by

offering to exchange the upsell price for the upsell

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only

if the override signal indicates performance of a supplemental process

the offering may occur at times that are more appropriate. As described in the disclosure, override of the decision of the POS terminal would provide even finer control over the performance of the supplementary process. For example, a store manager may wish to test the supplementary process, even though the POS terminal is not currently performing the supplementary process. In addition, there may be certain situations, which a device cannot accurately account for, in which a supplementary process should not be performed.

A great many more advantageous and diverse uses of the claimed invention, both explicit and implicit in the present Application, are possible and would be apparent to those of skill in the art based on the Appellants' disclosure.

2.3. The Claim of Group II is Statutory

The proper legal standard for statutory subject matter was not applied to the rejected claims. Accordingly, the Examiner has not presented a prima facie case that any claim is nonstatutory. In fact, applying the proper legal standard demonstrates that all claims are directed to statutory subject matter.

2.3.1. The Basis for the Rejection

The basis for the rejection under 35 U.S.C. 101 is described above in Section 1.3.1.

2.3.2. The Proper Legal Test for Statutory Subject Matter

The proper legal test under 35 U.S.C. 101 is described above in Section 1.3.2.

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2.3.3. The Claims Meet the Standard for Statutory Subject Matter

The pending claims produce a useful, concrete and tangible result, and the Examiner has not alleged otherwise. A claim which produces a useful, concrete and tangible result unequivocally falls outside the realm of "abstract idea", and is statutory. State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d at 1375.

The claim of Group II includes the limitation of

offering to exchange the upsell price for the upsell

As explained in the Present Application, such *offering* results in a useful, concrete and tangible result – something which provides incentives to purchase.

Such *offers* or *exchanges* are not abstract, disembodied numbers, but instead have a specific meaning and corresponds to a useful, concrete or tangible result - something which motivates people to make purchases. The invention claimed can by no stretch of the imagination be classified as "abstract ideas", and are thus properly-defined statutory processes.

It is also worth noting that the requirement for a "useful invention" is to be evaluated for the invention, and is not dependent on the breadth of the claims. Thus, if one species of an invention claimed as a genus is found to be "useful", utility for the genus is established. Raytheon Co. v. Roper Corp., 724 F.2d 951, 958, 220 USPQ 592, 598 (Fed. Cir. 1983), cert. denied, 469 U.S. 835 (1984) ("When a properly claimed invention meets at least one stated objective, utility under § 101 is clearly shown."). Utility is to be evaluated in a simple "yes" or "no" fashion (i.e., does the invention as claimed possess or not possess utility). There is no subjective test for "utility" that must be deemed to be commensurate with the breadth of the claims being sought to be patented.

Moreover, the scope of the claims as presented encompass a variety of specific implementations of the claimed processes. Certain of these embodiments implicate the use of computers in the processes. These "computer-based" species clearly fall within the broader generic definition of the claimed processes. Given that utility for a genus may be established through a recitation of utility of a species within that genus, a rejection that the generically claimed processes lack utility is clearly improper.

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2.3.4. The Examiner Applied a Test Which is Contrary to Law

The impropriety of the Examiner's test is described above in Section 1.3.4.

For all of the above reasons, the proper legal standard for statutory subject matter was not applied to the rejected claims, which are all directed to statutory subject matter. Thus the Examiner has not provided a *prima facie* case that the claims are nonstatutory.

2.4. The Claim of Group II is Enabled

The proper legal standard for enablement was not applied to the rejected claims. Accordingly, the Examiner has not presented a *prima facie* case of that any claim is not enabled. In fact, applying the proper legal standard demonstrates that all claims are enabled.

2.4.1. Applicable Law

The basis for rejections under 35 U.S.C. 112, par. 1 is described above in Section 1.4.1.

2.4.2. The Examiner's Burden

The Examiner's burden under 35 U.S.C. 112, par. 1 is described above in Section 2.4.2.

2.4.3. The Examiner's Factual Findings

The record does not contain any specific findings regarding precisely which portions of the claims the Examiner believes are not enabled.

The record also does not contain any specific findings regarding the Examiner's construction of the claims.

In fact, the rejection seems to be based solely on the fact that two embodiments of a device (a POS terminal) were both indicated by the same reference numeral. The Examiner
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generally alleges that "the claim language in reference to the specification is not clear" and "the claim language cannot be clearly ascertained" (Office Action, page 4). Appellants note that the definiteness requirement is separate and distinct from the enablement requirement. MPEP 2174. Also, the definiteness of portions of the disclosure are irrelevant to enablement of the claims.

The Examiner has not alleged that one of ordinary skill in the art would have been unable to, for example,

"receive an override signal"

The Examiner has not alleged that one of ordinary skill in the art would have been unable to do anything

if the override signal indicates performance of a supplemental process

2.4.4. The Claim is Enabled

Even if the disclosure of different embodiments of the same device (a POS terminal) did cause confusion (which it does not), such confusion would not prevent one of ordinary skill in the art from practicing the inventions that are *claimed*. Indefiniteness and enablement are two separate inquiries.

As described above in Section 1.4.4, there is no difficulty in ascertaining what a point-of-sale terminal is. More importantly, this issue is irrelevant to the enablement of the claims.

The Examiner has not provided any reason why one of ordinary skill in the art would have been unable to do anything

if the override signal indicates performance of a supplemental process

For all of the above reasons, the proper legal standard for enablement was not applied to the rejected claims, which are all enabled. Thus the Examiner has not provided a *prima facie* case that the claims are not enabled.

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2.5. The Claim of Group II is not Obvious

The proper legal standard for obviousness was not applied to the rejected claims. The record contains no substantial evidence of certain limitations of the claims. In addition, a proper motivation to combine was never provided. Accordingly, the Examiner has not presented a *prima facie* case of obviousness of any claim of the Group.

2.5.1. Applicable Law

The basis for rejections under 35 U.S.C. 103 is described above in Section 1.5.1.

2.5.2. No Factual Findings in the Record

Appellants note that the Examiner has not even referred to an *override signal*, or any of the limitations of the claim that involve an *override signal*.

No *prima facie* case of obviousness has been made because the obviousness rejections is based entirely on a combination of

- (a) unsupported hearsay statements of an Examiner ("Myhre") regarding prior public uses, and
- (b) unsupported allegations of "common knowledge".

Neither constitutes substantial evidence, and accordingly Appellants are under no obligation to submit further findings or arguments related to non-obviousness.

If the Examiner intends hearsay allegations regarding prior public uses to form a part of the record, then a reference supporting such public uses should be provided.

If the Examiner intends such beliefs about "common knowledge" to form a part of the record, then a reference supporting such common knowledge should be provided.

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2.5.3. No showing that the references suggest *receiving an override signal*

The Examiner has not shown that the prior art would suggest:

receiving an override signal

much less doing anything

if the override signal indicates performance of a supplemental process

Myhre has nothing to do with an override signal, and so Myhre cannot suggest

receiving an override signal

much less doing anything

if the override signal indicates performance of a supplemental process

2.5.4. No showing of a proper motivation to combine or modify

The lack of any motivation to combine or modify is discussed above in Section 1.5.4.

In conclusion, for at least the reasons provided above, the Examiner has not shown the claim of Group II to be unpatentable

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SEPARATE ARGUMENT OF PATENTABILITY

3. Group III

Group III includes independent claims 14, 26, 36, 38 and 40. The claims of Group III are apparatus claims corresponding to the method claims of Group I.

3.1. Limitations of the Group

Each claim of the Group includes the limitation of:

measuring an activity rate of a point-of-sale terminal

3.2. Advantages of the Claims

The advantages of the claims are described above in Section 1.2.

3.3. The Claims of Group III are Enabled

As discussed in Section 1.4 above, all of the claims are enabled.

3.4. The Claims of Group III are not Obvious

As discussed in Section 1.5 above, the Examiner has not demonstrated that any claim is obvious.

Further, all of the claims in Group III are directed to an apparatus comprising a storage device and a processor connected to the storage device. Myhre does not suggest any devices at all. Accordingly, Myhre cannot suggest any of the limitations of the apparatus claims of Group III.

In conclusion, for at least the reasons provided above, the Examiner has not shown the claims of Group III to be unpatentable.

Group III

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SEPARATE ARGUMENT OF PATENTABILITY

4. Group IV

Group IV includes independent claims 34. The claim of Group IV is an apparatus claim corresponding to the method claim of Group II.

4.1. Limitations of the Group

The claim of the Group includes the following limitations:

receive an override signal

and

*if the override signal indicates performance of a supplemental process,
offer to exchange the upsell price for the upsell*

4.2. Advantages of the Claim

The advantages of the claims are described above in Section 2.2.

4.3. The Claim of Group IV is Enabled

As discussed in Section 2.4 above, all of the claims are enabled.

4.4. The Claim of Group IV is not Obvious

As discussed in Section 2.5 above, the Examiner has not demonstrated that any claim is obvious.

Further, the claim of Group IV is directed to an apparatus comprising a storage device and a processor connected to the storage device. Myhre does not suggest any devices at all. Accordingly, Myhre cannot suggest any of the limitations of the apparatus claim of Group IV.

In conclusion, for at least the reasons provided above, the Examiner has not shown the claim of Group IV to be unpatentable.

Group IV

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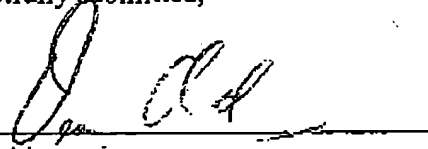
CONCLUSION

Thus, the Examiner's rejection of the pending claims are is improper at least because all pending claims are directed to statutory subject matter, all claims are enabled, and no claims is obvious in light of any evidence in the record. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Dean Alderucci using the information provided below.

Appellants hereby request any extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

Respectfully submitted,



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February 10, 2004
Date

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APPENDIX A
CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

Claims 11, 14, 25, 26 and 33 - 40 are pending.
All claims are independent.

11. A method for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:
- measuring an activity rate of a point-of-sale terminal; and
 - providing a supplementary product offer in accordance with the activity rate and an offer schedule;
- in which the offer schedule comprises a set of supplementary product offers, each supplementary product offer corresponding to a predetermined range of activity rates, and
- in which successively time-consuming supplementary product offers correspond to successively greater ranges of activity rates.

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14. An apparatus for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:

a storage device; and

a processor connected to the storage device,

the storage device storing a program for controlling the processor; and

the processor operative with the program to:

measure an activity rate of a point-of-sale terminal; and

provide a supplementary product offer in accordance with the activity rate and an offer schedule;

in which the offer schedule comprises a set of supplementary product offers, each supplementary product offer corresponding to a predetermined range of activity rates, and

in which successively time-consuming supplementary product offers correspond to successively greater ranges of activity rates.

25. A method for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:

measuring an activity rate of a point-of-sale terminal; and

if the activity rate is less than a predetermined threshold,

determining an upsell in dependence on a purchase,

determining an upsell price in dependence on the purchase, and

offering to exchange the upsell price for the upsell.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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26. An apparatus for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:

a storage device; and

a processor connected to the storage device,

the storage device storing a program for controlling the processor; and

the processor operative with the program to:

measure an activity rate of a point-of-sale terminal; and

if the activity rate is less than a predetermined threshold,

determine an upsell in dependence on a purchase,

determine an upsell price in dependence on the purchase, and

offer to exchange the upsell price for the upsell.

33. A method for controlling performance of a supplementary process at a point-of-sale terminal, comprising:

receiving an override signal; and

if the override signal indicates performance of a supplemental process,

determining an upsell in dependence on a purchase,

determining an upsell price in dependence on the purchase, and

offering to exchange the upsell price for the upsell.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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34. An apparatus for controlling performance of a supplementary process at a point-of-sale terminal, comprising:

a storage device; and

a processor connected to the storage device,

the storage device storing a program for controlling the processor; and

the processor operative with the program to:

receive an override signal; and

if the override signal indicates performance of a supplemental process,

determine an upsell in dependence on a purchase,

determine an upsell price in dependence on the purchase, and

offer to exchange the upsell price for the upsell.

35. A method for controlling performance of a supplementary process at a point-of-sale terminal, comprising:

measuring an activity rate of a point-of-sale terminal; and

if the activity rate is below a first predetermined threshold, offering a first upsell having an first offer speed; and

if the activity rate is above a second predetermined threshold, offering a second upsell having a second offer speed greater than the first offer speed.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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36. An apparatus for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:

a storage device; and

a processor connected to the storage device,

the storage device storing a program for controlling the processor; and

the processor operative with the program to:

measure an activity rate of a point-of-sale terminal; and

if the activity rate is below a first predetermined threshold,

offer a first upsell having an first offer speed; and

if the activity rate is above a second predetermined threshold,

offer a second upsell having a second offer speed greater than the first

offer speed.

37. A method for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:

measuring an activity rate of a point-of-sale terminal; and

if the activity rate is less than a predetermined threshold,

determining an upsell in dependence on a purchase,

determining an upsell price in dependence on change due from the purchase, and

offering to exchange the upsell price for the upsell.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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38. An apparatus for controlling the performance of a supplementary process at a point-of-sale terminal, comprising:

a storage device; and

a processor connected to the storage device,

the storage device storing a program for controlling the processor; and

the processor operative with the program to:

measure an activity rate of a point-of-sale terminal; and

if the activity rate is less than a predetermined threshold,

determine an upsell in dependence on a purchase,

determine an upsell price in dependence on change due from the purchase, and

offer to exchange the upsell price for the upsell.

39. A method, comprising:

measuring an activity rate of a point-of-sale terminal;

determining an upsell price in dependence on change due from a purchase,

if the activity rate is below the first predetermined threshold, offering a first upsell for a supplementary product, the first upsell having an first offer speed;

if the activity rate is above the second predetermined threshold, offering a second upsell for a supplementary product, the second upsell having a second offer speed greater than the first offer speed; and

exchanging the upsell for the offered upsell price.

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40. An apparatus comprising:
- a storage device; and
 - a processor connected to the storage device,
 - the storage device storing a program for controlling the processor; and
 - the processor operative with the program to:
 - measure an activity rate of a point-of-sale terminal;
 - determine an upsell price in dependence on change due from a purchase,
 - if the activity rate is below the first predetermined threshold, offer a first upsell for a supplementary product, the first upsell having an first offer speed;
 - if the activity rate is above the second predetermined threshold, offer a second upsell for a supplementary product, the second upsell having a second offer speed greater than the first offer speed; and
 - exchange the upsell for the offered upsell price.

CLEAN COPY OF CLAIMS INVOLVED IN THE APPEAL

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